

## Deposition of Carolyn Freeman

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IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF MISSISSIPPI	1 (Continued): 2 COUNSEL FOR G&B INVESTMENTS, INC.: 3 MR. MICHAEL CORY MR. DALE DANKS, JR. 4 Danks, Miller & Cory 213 South Lamar Street 5 Jackson, Mississippi 39201 6
IN RE:  JON CHRISTOPHER EVANS Case No. 09-03763-NPO AND JOINTLY ADMINISTERED RELATED CASES  DEBTORS. Chapter 7  ***** G&B INVESTMENTS, INC. PLAINTIFF v. ADV. PROC. NO. 10-00040-NPO  DEREK A. HENDERSON, TRUSTEE FOR THE BANKRUPTCY ESTATE OF JON CHRISTOPHER EVANS, ET AL. DEFENDANTS  ***** DEPOSITION OF CAROLYN WILLIAMS Taken at the offices of Adams and Reese, 111 Capitol Street, Suite 350, Jackson, Mississippi, on Thursday, November 18, 2010, beginning at approximately 9:20 a.m.  ***** APPEARANCES NOTED HEREIN  CHRISTY R. SIEVERT, CSR, RPR PROFESSIONAL COURT REPORTING, LLC Registered Professional Reporter Certified Shorthand Reporter Mississippi CSR No. 1421 Post Office Box 320928 Jackson, Mississippi 39232-0928 <a href="http://www.procourtreporting.com">www.procourtreporting.com</a>	7 ALSO PRESENT: 8 DONALD JOSEPH BRATA W. PARRISH FORTENBERRY 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25
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1 APPEARANCES 2 3 COUNSEL FOR MISSISSIPPI VALLEY TITLE INSURANCE and OLD REPUBLIC NATIONAL 4 TITLE INSURANCE COMPANY: 5 MR. POWELL G. OGLETREE, JR. MR. M. SCOTT JONES 6 Adams and Reese, LLP 111 East Capitol Street, Suite 350 7 Jackson, Mississippi 39201 8 MR. DAVID CLARK Bradley, Arant, Boult & Cummings 9 Post Office Box 1789 Jackson, Mississippi 39215 10 11 COUNSEL FOR BANK OF FOREST: 12 MR. WILLIAM LISTON, III MR. LUKE PORTERA 13 Liston & Lancaster 2648 Ridgewood Road, Suite B 14 Jackson, Mississippi 39216 15 16 COUNSEL FOR MERCHANTS & FARMERS BANK: 17 MR. JEFF D. RAWLINGS Rawlings & MacInnis 1296 Highway 51 18 Madison, Mississippi 39110 19 20 COUNSEL FOR CHARLES EVANS: 21 MR. TERRY R. LEVY Daniel, Coker, Horton & Bell 4400 Old Canton Road, Suite 400 22 Jackson, Mississippi 39211 23 24 25	1 TABLE OF CONTENTS PAGE 2 3 Title Page..... 1 4 Appearance Pages..... 2, 3 5 Table of Contents..... 4 6 Exhibit Pages..... 6 7 Stipulation Page..... 6 8 9 DEPOSITION OF CAROLYN FREEMAN: 10 By Mr. Liston..... 7 11 By Mr. Rawlings..... 186 By Mr. Cory..... 198 12 By Mr. Jones..... 241 Signature Page..... 243 13 Certificate Page..... 244 14 15 16 17 18 19 20 21 22 23 24 25



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1 "Valley" or "Mississippi Valley," or I may just 2 say "MVT." May we have the agreement that if I do 3 that, then you understand that I'm talking about 4 your employer? 5 A. Yes. 6 Q. Okay. Thank you. 7 Could you tell me what your current 8 employment position is with MVT? 9 A. I'm vice president, senior 10 underwriter. 11 Q. All right. How long have you held 12 that position? 13 A. I'm not sure of the exact... 14 Q. It wasn't last week, was it? 15 A. No. 16 Q. All right. Let's do this. Let me 17 start with your educational history. I want to 18 know where you grew up, where you went to school, 19 how far you went in school, and then I'll talk to 20 you about your employment background. 21 A. Okay. 22 Q. All right. Go ahead, tell me where 23 you grew up. 24 A. I graduated from Union High School. 25 Q. In Union, Mississippi?	1 Q. All right. How long did you work for 2 that company? 3 A. About a year. 4 Q. Okay. 5 A. And then they had a cutback. 6 Q. Okay. And can you -- when did you 7 begin work for Valley? 8 A. In 1965. 9 Q. Okay. So have you been with Valley 10 since 1965? 11 A. Yes, sir. 12 Q. Did you work for anybody else 13 between -- I'm going to call it Interstate and 14 Valley? 15 A. USF&G. 16 Q. Okay. When you started work for 17 Valley in 1965, what was your initial job 18 position? 19 A. I worked in the escrow department. 20 Q. Escrow? 21 A. (Nods head affirmatively.) 22 Q. Okay. And can you give me a list of 23 the different jobs you've had at Valley since 24 1965? The best that you can. I mean, I know you 25 may leave something out, but I just want to find
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1 A. Newton County. 2 Q. Oh, okay. And then did you do any 3 education subsequent to high school? 4 A. I went to East Central Junior 5 College. 6 Q. What sort of studies did you focus on 7 there? 8 A. I was taking secretarial. 9 Q. Okay. And then following that, did 10 you go to any other higher education -- 11 A. No. 12 Q. -- in colleges? What year did you 13 enter the workforce? Or what age? Let me ask you 14 that. What age did you enter the workforce? 15 A. I don't know the exact age. I know 16 the year that I went to work -- started work, in 17 1963. 18 Q. Okay. Who did you start work for in 19 1963? 20 A. Interstate Life & Accident. 21 Q. Okay. And what type of insurance 22 company was that? 23 A. A life insurance company. 24 Q. Okay. And where were they located? 25 A. Out on North State Street.	1 out about you. 2 A. I started out in the escrow 3 department doing document prep. Construction 4 loans. And then I went to underwriting. 5 Q. Okay. How many years have you been 6 in underwriting? Or since when? 7 A. Since in the '70s. 8 Q. Okay. I don't imagine that when you 9 started in underwriting, you were the head of that 10 department. 11 A. No. 12 Q. You are now the head of that 13 department? 14 A. Yes. 15 Q. How many years have you been the head 16 of the underwriting department, roughly? More 17 than ten? 18 A. Yes. 19 Q. Can you explain to me, as someone who 20 has never worked for an insurance company, what 21 the function of Valley's underwriting department 22 is? 23 A. We review the applications for title 24 insurance, and based on the attorney's 25 certification, we issue title.

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<p>1 A. That would be found in the 2 exceptions. 3 Q. Okay. Exceptions as well, right? 4 A. (Nods head affirmatively.) 5 Q. What happens if you get an 6 application for a title commitment -- and by the 7 way, those applications contain some certification 8 from the approved attorney about the status of the 9 title, do they not? 10 A. He's certifying the title. 11 Q. Correct. That's the cert -- the 12 application is also a certification of title by 13 the approved attorney. Fair? 14 A. He's certifying. 15 Q. Is that right? 16 A. (Nods head affirmatively.) 17 Q. You need to say yes or no. 18 A. Yes. 19 Q. I'm sorry. If you get one from an 20 approved attorney that just simply says the 21 property is owned in fee simple by a certain 22 entity, is there any real underwriting you have to 23 do on an application like that? 24 A. You do the same underwriting on that 25 one as you would any other.</p>	<p>1 A. I don't know. 2 Q. Okay. When you get -- do you get W-2 3 forms at the end of the year? 4 A. Yes. 5 Q. All right. Does it reflect that 6 Mississippi Valley is your employer or that Old 7 Republic is your employer or both? Or do you 8 know? 9 A. I don't know for sure. 10 Q. Have you ever been informed that -- 11 anybody ever told you, you are an employee of Old 12 Republic, in addition to being an employee of 13 Mississippi Valley? 14 A. I don't recall. 15 Q. Are you an officer of Old Republic, 16 to your knowledge? 17 A. Not to my knowledge. 18 Q. Okay. Is there anyone superior to 19 you in the underwriting department? 20 A. Yeah. 21 Q. Okay. I thought you were the head of 22 the underwriting department. 23 A. I manage the underwriting department. 24 Q. Correct. Is there anyone that's 25 employed in the underwriting department to whom</p>
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<p>1 Q. Okay. If it doesn't disclose any 2 issues about estates, if it doesn't disclose any 3 deceased persons, and it just says fee simple 4 titles in Company XYZ, what kind of underwriting 5 can you do on something like that? Just curious. 6 A. If the attorney has certified it, 7 then it is what it is. 8 Q. Okay. So if he certifies it, and 9 there's nothing on the application that gives you 10 a reason to want to review it, then there's 11 nothing to review, you're relying on his 12 certification? 13 A. Right. 14 Q. Okay. Are you employed in any way by 15 Old Republic? 16 A. It's a joint company. 17 Q. Okay. What do you mean by that when 18 you say "joint company"?</p>	<p>1 you report? In the underwriting department. 2 A. Not in the department. 3 Q. That's my question. To whom do you 4 report? 5 A. Mark Higdon. 6 Q. Okay. And he is what? 7 A. President. 8 Q. Okay. Of Valley? 9 A. No. He's the . . . 10 Q. He's something. 11 A. Yeah. 12 Q. I've seen his title. 13 A. Yeah. 14 Q. I don't remember, myself. 15 A. He's -- I'm not sure what his title 16 is. 17 Q. Okay. All right. Do you have the 18 obligation to make some sort of recurring report 19 to him about the operations of underwriting, or is 20 it just a situation where if he wants the answer 21 to a question, he comes and asks you, and you tell 22 him? 23 A. Right. 24 Q. Second? Not the first? 25 A. I mean, I don't make a monthly report</p>

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1 paragraph. 2 A. (Reviews document.) Oh, you're 3 talking about up here? 4 Q. Second paragraph, second line. It 5 talks about "for a valuable consideration." Do 6 you see that? 7 A. Uh-huh (affirmative response). Yes, 8 I do. 9 Q. To your knowledge, is that talking 10 about the fee for the commitment, the binder fee? 11 A. I'm not sure. 12 Q. Okay. Now, you signed this 13 commitment, as I understand it. Does that -- 14 A. Yes. 15 Q. -- mean that you underwrote it before 16 you issued it? 17 A. Certainly. 18 Q. Okay. Tell me what underwriting you 19 did on this before issuing this commitment. 20 A. I reviewed the commitment -- the 21 application and -- well, I may not have personally 22 entered this one. I don't know if I did or 23 didn't. Okay? 24 Q. You mean drafted the schedules? 25 A. Exactly.	1 Q. But you would have reviewed it? 2 A. Probably. 3 Q. Okay. Well, I mean, do you 4 remember -- I thought a second ago you said, "I 5 would have checked the schedule against the 6 application." 7 A. Before I signed it. 8 Q. Before you signed it. But as you sit 9 here today, do you remember reviewing this 10 schedule? 11 A. I don't remember, per se, this one. 12 I do a lot of them. 13 Q. I know. Hard to remember a given 14 one, I'm sure. 15 A. Right. 16 Q. Okay. Now, at the top, it says -- 17 well, let me just ask it this way. Charles Evans 18 didn't prepare this Schedule A, did he? 19 A. No. 20 Q. Okay. It had to be prepared in-house 21 at Valley, right? 22 A. Yes. 23 Q. Right here at the top, it says it's 24 issued for Charles Evans. 25 A. Uh-huh (affirmative response).
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1 Q. Okay. 2 A. But I would have reviewed the 3 commitment against the title work. 4 Q. I understand. 5 A. Before I signed it. 6 Q. Okay. All right. 7 A. And then I would have delivered it. 8 Q. Okay. And is it fair to say that 9 when you did that, you didn't find anything that 10 caused you any concern? 11 A. I just took it from his certificate. 12 Q. Okay. And as we've talked about 13 already, but now we're talking about this specific 14 document, neither you nor anyone with Valley, 15 to your knowledge, undertook to check behind 16 Charles Evans' certificate to see if his 17 certificate was, in fact, accurate? 18 MR. JONES: Object to form. 19 THE WITNESS: Not to my knowledge. 20 MR. LISTON, CONTINUED: 21 Q. Okay. Let's look at the schedule, 22 please, ma'am, Schedule A. Do you -- do you know, 23 as you sit here today, whether you prepared this 24 schedule or whether somebody else prepared it? 25 A. I'm not sure.	1 Q. And when an approved -- approved 2 attorney submits an application, do they always 3 say they're issued for the approved attorney? 4 A. I'm not sure if all of them say that 5 or not. 6 Q. Do you see right next to his name, it 7 says the words "Agent No. 525241"? 8 A. Yes. 9 Q. Okay. You talked to me about he, to 10 your knowledge, was not an agent. 11 A. Right. 12 Q. How do we get the word "agent" on 13 here next to his name, with a number? 14 A. It's in the software. 15 Q. When did that software -- when did 16 Valley start using that software? 17 A. I'm not sure of the exact date, 18 because it's updated versions. 19 Q. Okay. Was it within the last -- was 20 it -- since 2005, has it been using it, or do you 21 know? 22 A. I don't know. 23 Q. Okay. So the word "agent" is, what, 24 a field on a computer screen that is always going 25 to print out "agent" when you create a schedule?

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<p>1 A. When you -- when you pull it up to 2 the binder.</p> <p>3 Q. Okay. And what does this number 4 signify next to the word "agent," 525241?</p> <p>5 A. I would assume that's his approved 6 attorney number.</p> <p>7 Q. Do you know for a fact whether that's 8 the approved attorney number?</p> <p>9 A. Not exactly, no.</p> <p>10 Q. Okay. The commitment has a number. 11 Does every commitment have a number, a different 12 number?</p> <p>13 A. Yes.</p> <p>14 Q. Okay. And then Schedule A has an 15 effective date down here of August 26th, 2009, 16 right?</p> <p>17 A. Yes.</p> <p>18 Q. Okay. And that's the date and time 19 that the -- Charles Evans certified the property?</p> <p>20 A. Certified the title, yes.</p> <p>21 Q. Okay. And then it reflects that this 22 was being issued for a lender's policy to the Bank 23 of Forest, correct?</p> <p>24 A. Yes.</p> <p>25 Q. Okay. And then Paragraph No. 3 talks</p>	<p>1 vested in?</p> <p>2 MR. JONES: Object to form.</p> <p>3 MR. LISTON, CONTINUED:</p> <p>4 Q. Correct?</p> <p>5 A. It was taken from his application, 6 yes.</p> <p>7 Q. Okay. And put on Valley's document, 8 right?</p> <p>9 A. Right. In the binder.</p> <p>10 Q. In the binder. And it's a 11 representation, isn't it, that G&amp;B Investments is 12 the owner of the property?</p> <p>13 MR. JONES: Object to form.</p> <p>14 THE WITNESS: It's who the attorney 15 said the title was vested in.</p> <p>16 MR. LISTON, CONTINUED:</p> <p>17 Q. Well, I understand where it came 18 from. That's not my question. My question is, 19 isn't it a representation on a Valley document as 20 to who the owner of the property is?</p> <p>21 MR. JONES: Object to form. The 22 commitment itself is the best evidence.</p> <p>23 THE WITNESS: I mean, the commitment 24 says it's vested in it.</p> <p>25 MR. LISTON, CONTINUED:</p>
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<p>1 about the -- it says, "The estate or interest in 2 the land described or referred to in this 3 commitment is fee simple," right?</p> <p>4 A. Right.</p> <p>5 Q. And then what is your understanding 6 of fee simple?</p> <p>7 A. In fee.</p> <p>8 Q. Okay. Well, do you know what that 9 means, translated out of legal terms?</p> <p>10 A. No.</p> <p>11 Q. No. Look at No. 4, please. It says, 12 "Title to the fee simple estate or interest in the 13 land is, at the effective date, vested in G&amp;B 14 Investments, Inc., by virtue of deed dated 15 October 1, 1999, recorded in Book 451 at page 16 291." Right? Is that what it says?</p> <p>17 A. Yes.</p> <p>18 Q. Now, that information, I understand, 19 was taken from the application submitted by 20 Charles Evans. Right?</p> <p>21 A. Certified, yes.</p> <p>22 Q. And so what Valley did was take his 23 information from that application that was 24 certified to Valley and turned around and put it 25 on its document that represents who the title was</p>	<p>1 Q. Okay. It says a statement, isn't it?</p> <p>2 MR. JONES: Object to form.</p> <p>3 MR. LISTON, CONTINUED:</p> <p>4 Q. It's a written statement on this form 5 that says the owner is G&amp;B Investments, right?</p> <p>6 MR. JONES: Object to form.</p> <p>7 THE WITNESS: (Nods head 8 affirmatively.)</p> <p>9 MR. LISTON, CONTINUED:</p> <p>10 Q. You need to say --</p> <p>11 A. Yes.</p> <p>12 Q. -- yes or no. Is that yes?</p> <p>13 A. Yes.</p> <p>14 Q. Okay. Now, did you know at the time 15 this statement was made, and the Schedule A of 16 this commitment, that this statement or 17 representation was false?</p> <p>18 MR. JONES: Object to form.</p> <p>19 THE WITNESS: I had no idea.</p> <p>20 MR. LISTON, CONTINUED:</p> <p>21 Q. Okay. So does that mean you didn't 22 know, as of the time this schedule was prepared 23 and the time this commitment was issued, whether 24 G&amp;B Investments, Inc., owned the property or 25 didn't own the property?</p>

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<p>1 A. I had no way of knowing other than 2 what the attorney had certified to me. 3 Q. So from your personal knowledge, you 4 didn't know whether this statement was true or 5 false, did you? 6 A. No. I relied on him. 7 Q. Right. You're assuming he knows, 8 right? 9 A. He said he did. 10 Q. He said he did. But you don't know, 11 from your own knowledge and inquiry, do you? 12 A. No. I didn't check the title behind 13 it, no. 14 Q. To your knowledge, did anybody with 15 Valley, anybody employed by Valley, know whether 16 the statement was true or false that G&amp;B 17 Investments owned the property? 18 A. Not that I'm aware of. 19 MR. JONES: Object to form. 20 MR. LISTON, CONTINUED: 21 Q. The only person you think might know 22 is Charles Evans, right? 23 A. That's who certified it. Yes. 24 Q. Okay. Now, are the banks to whom 25 policies are written, including Bank of Forest, to</p>	<p>1 Q. To the best of your knowledge -- I'm 2 not talking about what the banks require, but what 3 Valley -- 4 A. I mean, they require a copy of the 5 deed. I don't know. 6 Q. Okay. But do you know of any Valley 7 procedure to inform banks about how these 8 ownership of property is determined? 9 MR. JONES: Object to form. 10 MR. LISTON, CONTINUED: 11 Q. If you do, I want to know what it is. 12 A. I don't -- 13 Q. If you don't -- 14 A. I don't know. 15 Q. Okay. 16 (EXHIBIT NO. 8 WAS MARKED FOR THE RECORD.) 17 MR. LISTON, CONTINUED: 18 Q. I show you Exhibit 8, please. Now I 19 can tell you we're moving on to the 2008 White 20 Oaks loan. Okay? Remember how I defined those 21 terms? 22 A. Yes. 23 Q. All right. Is this a true and 24 correct copy of the application and attorney's 25 first certificate received by Valley from</p>
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<p>1 your knowledge, ever informed as to what Valley's 2 procedures are when it issues title commitments? 3 A. I'm not aware of what procedures... 4 Q. Right. But in your knowledge, as 5 long as you've worked at Valley, have you ever 6 been familiar with Valley disclosing to insureds, 7 like insured banks, about how it determines who 8 owns property and who doesn't? 9 MR. JONES: Object to form. 10 THE WITNESS: I'm not sure. 11 MR. LISTON, CONTINUED: 12 Q. You don't know of anything, right? 13 A. I mean -- 14 MR. JONES: Object to form. 15 THE WITNESS: I didn't. 16 MR. LISTON, CONTINUED: 17 Q. Okay. In other words, I'm asking you 18 this: How would a bank know, like the Bank of 19 Forest, that the only thing Valley has done in 20 determining who the owner is, is to take the word 21 of Charles Evans for it? Is there any way a bank 22 would know that? 23 A. I'm not sure. 24 Q. Okay. 25 A. I don't know what they require.</p>	<p>1 Charles Evans for the 2008 White Oaks loan? 2 A. As far as I know, yes. 3 Q. Okay. Thank you, ma'am. I notice on 4 this first page, he's got some cross-outs in the 5 section that identifies the party to whom the 6 property will be sold. Right? 7 A. Yes. 8 Q. This looks like he wrote, "Town Park 9 Of Madison, LLC," and crossed it out, and then he 10 wrote "Park Place Commons, LLC," and crossed it 11 out, and then underneath a line, he came in and 12 wrote, "White Oaks Investment Company, LLC." Or 13 somebody did. Right? 14 A. Yeah. I don't know who did. 15 Q. Did you personally review this 16 application when it came in, if you remember? 17 A. I don't remember. 18 Q. Would the fact that several entities 19 are listed and crossed out in this part here be 20 any reason for a cause for concern or inquiry at 21 Valley, to the extent you know? 22 A. I don't know when he made the 23 changes, if it was before or... 24 Q. Okay. And on the second page, he's 25 got his certification he signed down to July 17,</p>